

**THE NASHVILLE FOOD PROJECT, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2022 AND 2021**

# **THE NASHVILLE FOOD PROJECT, INC.**

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**BELLENFANT**

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
The Nashville Food Project, Inc.  
Nashville, Tennessee

### **Opinion**

We have audited the accompanying financial statements of The Nashville Food Project, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Nashville Food Project, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Nashville Food Project, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Nashville Food Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Nashville Food Project, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Nashville Food Project, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Bellenfant, PLLC*

Nashville, Tennessee  
June 19, 2023

**THE NASHVILLE FOOD PROJECT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

**ASSETS**

<b>CURRENT ASSETS</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Cash and Cash Equivalents	\$ 1,706,793	\$ 1,246,051
Accounts Receivable	85,553	53,820
Contributions Receivable	50,000	60,000
Investments	143,092	-
Prepaid Expenses	38,178	36,951
Other Assets	<u>625</u>	<u>1,621</u>
Total Current Assets	<u>2,024,241</u>	<u>1,398,443</u>
<b>FIXED ASSETS</b>		
Land	555,372	555,372
Buildings and Improvements	3,432,804	3,151,039
Furniture, Fixtures, and Equipment	<u>458,265</u>	<u>740,029</u>
Less: Accumulated Depreciation	<u>(832,147)</u>	<u>(638,343)</u>
Total Fixed Assets	<u>3,614,294</u>	<u>3,808,097</u>
Total Assets	<u><u>\$ 5,638,535</u></u>	<u><u>\$ 5,206,540</u></u>

The accompanying notes are an integral part of these financial statements.

**THE NASHVILLE FOOD PROJECT, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**DECEMBER 31, 2022 AND 2021**

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Accounts Payable	\$ 8,087	\$ 6,952
Accrued Payroll	<u>51,568</u>	<u>41,126</u>
Total Current Liabilities	<u>59,655</u>	<u>48,078</u>
Total Liabilities	<u>59,655</u>	<u>48,078</u>
 <b>NET ASSETS</b>		
Net Assets Without Donor Restrictions		
Undesignated	5,165,771	4,911,992
Board Designated	<u>363,109</u>	<u>186,470</u>
	5,528,880	5,098,462
Net Assets With Donor Restrictions		
Time Restricted, For Periods After 2022	<u>50,000</u>	<u>60,000</u>
Total Net Assets	<u>5,578,880</u>	<u>5,158,462</u>
Total Liabilities and Net Assets	<u><u>\$ 5,638,535</u></u>	<u><u>\$ 5,206,540</u></u>

The accompanying notes are an integral part of these financial statements.

**THE NASHVILLE FOOD PROJECT, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>REVENUE</b>			
<b>Public Support</b>			
Contributions	\$ 1,853,532	\$ -	\$ 1,853,532
Gifts In-Kind	657,220	-	657,220
Special Event Revenue, net of direct benefit costs of \$40,682	213,913	-	213,913
Net assets released from restrictions	10,000	(10,000)	-
	<u>2,734,665</u>	<u>(10,000)</u>	<u>2,724,665</u>
Total Public Support			
	<u>2,734,665</u>	<u>(10,000)</u>	<u>2,724,665</u>
<b>Revenue</b>			
Food Access Program	561,454	-	561,454
PPP Loan Forgiveness	-	-	-
ERTC Income	345,771	-	345,771
Other Income	29,993	-	29,993
	<u>937,218</u>	<u>-</u>	<u>937,218</u>
Total Revenue			
	<u>937,218</u>	<u>-</u>	<u>937,218</u>
Total Public Support and Revenue			
	<u>3,671,883</u>	<u>(10,000)</u>	<u>3,661,883</u>
<b>EXPENSES</b>			
Program Services	2,601,718	-	2,601,718
Management and General	311,215	-	311,215
Fundraising	328,532	-	328,532
	<u>3,241,465</u>	<u>-</u>	<u>3,241,465</u>
Total Expenses			
	<u>3,241,465</u>	<u>-</u>	<u>3,241,465</u>
Change in Net Assets	430,418	(10,000)	420,418
Net Assets, Beginning of Year	5,098,462	60,000	5,158,462
	<u>5,098,462</u>	<u>60,000</u>	<u>5,158,462</u>
Net Assets, End of Year	<u>\$ 5,528,880</u>	<u>\$ 50,000</u>	<u>\$ 5,578,880</u>

The accompanying notes are an integral part of these financial statements.

**THE NASHVILLE FOOD PROJECT, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE</b>			
<b>Public Support</b>			
Contributions	\$ 1,543,152	\$ -	\$ 1,543,152
Gifts In-Kind	578,348	-	578,348
Special Event Revenue, net of direct benefit costs of \$21,654	37,460	-	37,460
Net assets released from restrictions	16,800	(16,800)	-
	<u>2,175,760</u>	<u>(16,800)</u>	<u>2,158,960</u>
<b>Revenue</b>			
Food Access Program	400,519	-	400,519
PPP Loan Forgiveness	203,192	-	203,192
Other Income	46,364	-	46,364
	<u>650,075</u>	<u>-</u>	<u>650,075</u>
<b>Total Public Support and Revenue</b>	<u>2,825,835</u>	<u>(16,800)</u>	<u>2,809,035</u>
<b>EXPENSES</b>			
Program Services	2,201,713	-	2,201,713
Management and General	324,882	-	324,882
Fundraising	305,091	-	305,091
	<u>2,831,686</u>	<u>-</u>	<u>2,831,686</u>
Change in Net Assets	(5,851)	(16,800)	(22,651)
Net Assets, Beginning of Year	<u>5,104,313</u>	<u>76,800</u>	<u>5,181,113</u>
Net Assets, End of Year	<u><u>\$ 5,098,462</u></u>	<u><u>\$ 60,000</u></u>	<u><u>\$ 5,158,462</u></u>

The accompanying notes are an integral part of these financial statements.



**THE NASHVILLE FOOD PROJECT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Supporting Services</u>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and Benefits	\$ 1,078,137	\$ 190,585	\$ 288,658	\$ 1,557,380
Program Supplies	376,327	-	-	376,327
Capital Project	-	-	2,300	2,300
Rent and Utilities	93,766	-	-	93,766
Professional Services	-	56,271	-	56,271
In-Kind	654,304	2,916	-	657,220
Depreciation	193,803	-	-	193,803
Development	6,146	-	10,412	16,558
Equipment and Maintenance	63,246	-	-	63,246
Insurance	25,637	2,219	-	27,856
Printing and Postage	-	-	7,972	7,972
Processing Fees	-	10,195	10,454	20,649
Telephone	-	7,239	-	7,239
Dues and Subscriptions	-	3,642	-	3,642
Travel	32,605	2,373	5,201	40,179
Contract Labor	56,540	-	-	56,540
Advertising	-	-	3,535	3,535
Office Expense	21,207	35,775	-	56,982
Total Expenses	<u>\$ 2,601,718</u>	<u>\$ 311,215</u>	<u>\$ 328,532</u>	<u>\$ 3,241,465</u>

The accompanying notes are an integral part of these financial statements.

**THE NASHVILLE FOOD PROJECT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Supporting Services</u>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and Benefits	\$ 930,006	\$ 179,719	\$ 248,299	\$ 1,358,024
Program Supplies	260,112	-	-	260,112
Capital Project	-	-	29,996	29,996
Rent and Utilities	68,077	-	-	68,077
Professional Services	-	73,233	1,374	74,607
In-Kind	574,953	3,395	-	578,348
Depreciation	193,803	-	-	193,803
Development	868	-	6,871	7,739
Equipment and Maintenance	56,617	-	-	56,617
Insurance	8,160	-	-	8,160
Printing and Postage	-	-	3,572	3,572
Processing Fees	-	8,125	8,548	16,673
Telephone	-	9,447	-	9,447
Dues and Subscriptions	-	3,423	-	3,423
Travel	32,728	1,337	1,419	35,484
Contract Labor	57,309	-	4,360	61,669
Office Expense	19,080	46,203	652	65,935
Total Expenses	<u>\$ 2,201,713</u>	<u>\$ 324,882</u>	<u>\$ 305,091</u>	<u>\$ 2,831,686</u>

The accompanying notes are an integral part of these financial statements.

**THE NASHVILLE FOOD PROJECT, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Change in Net Assets	\$ 420,418	\$ (22,651)
Adjustments to reconcile change in net assets to net cash provided (used) by operations:		
Depreciation	193,803	193,803
(Increase) Decrease in:		
Accounts Receivable	(31,733)	52,555
Contributions Receivable	10,000	6,800
Prepaid Expenses	(1,227)	(13,043)
Other Assets	996	2,682
Increase (Decrease) in:		
Accounts Payable	1,135	(14,331)
Accrued Payroll	10,442	(44,813)
Net Cash Provided (Used) by Operating Activities	<u>603,834</u>	<u>161,002</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	<u>(143,092)</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>(143,092)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Forgiveness of PPP Loan Payable	-	(203,192)
Payments on Notes Payable	<u>-</u>	<u>(480,400)</u>
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>(683,592)</u>
Net Increase (Decrease) in Cash	460,742	(522,590)
Cash and Cash Equivalents, Beginning of Year	<u>1,246,051</u>	<u>1,768,641</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,706,793</u></u>	<u><u>\$ 1,246,051</u></u>
<b>Supplementary Information</b>		
Interest Paid	<u><u>\$ -</u></u>	<u><u>\$ 19,606</u></u>

The accompanying notes are an integral part of these financial statements.

**THE NASHVILLE FOOD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

The Nashville Food Project, Inc. (the “Organization”) was established in 2011 to bring people together to grow, cook, and share nourishing food with the goal of alleviating hunger in Nashville, Tennessee. The Organization uses recovered, donated, and garden-grown food to prepare and cook healthy, hot meals. Those meals, along with produce grown in the Organization’s gardens, are distributed to people in need. The Organization also shares its resources with others interested in growing their own food.

**Financial Statement Presentation**

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - These are net assets that are not subject to donor-imposed stipulations. The Organization had \$5,528,880 and \$5,098,462 of net assets without donor restrictions as of December 31, 2022 and 2021, respectively.

Net assets with donor restrictions - These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had \$50,000 and \$60,000 of net assets with donor restrictions as of December 31, 2022 and 2021, respectively.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments with an original maturity when purchased of 90 days or less to be cash and cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured.

**THE NASHVILLE FOOD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable**

Accounts receivable are reported at their estimated collectible amounts. They are periodically evaluated for collectability based on management's assessment of each account. An allowance for doubtful accounts is established as losses are estimated to have occurred through recognition of bad debt expense. When management confirms the uncollectibility of an account receivable, such amount is charged off against the allowance for doubtful accounts. No allowance for doubtful accounts was recorded at December 31, 2022 and 2021.

**Prepaid Expenses**

Prepaid expenses consists of insurance and rent which are paid in advance.

**Fixed Assets**

Fixed assets are recorded at cost or, if donated, at their estimated fair value at the date of donation, if cost or fair value is greater than \$5,000. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives of major classes of fixed assets range from 3 to 10 years.

**Revenue Recognition**

The Organization's revenues are derived from fee-for-service contracts and cost-reimbursable grant contracts with the State of Tennessee, and are recognized as revenue when persuasive evidence of an arrangement existed, delivery of products or services had occurred, the sales price was fixed or determinable and collectability was reasonably assured in accordance with Accounting Standards Codification 605, Revenue Recognition (ASC 605).

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

**THE NASHVILLE FOOD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Public Support**

The Organization receives public support in the form of cash contributions, unconditional promises to give, gifts-in-kind, and donated services. The Organization generally recognizes public support in the year contributed at fair value, with gifts-in-kind determined as follows:

*Gifts-in-Kind* – Primarily includes donated food. The value of donated food is recognized at estimated fair value on the date it is received with a corresponding expense for program services when consumed. The value of donated food is calculated at pounds donated times a standard rate. The standard rate used for 2022 was generally \$2.92 per pound. The standard rate used for 2021 was generally \$2.61 pound. Other assets donated are recorded at estimated fair value on the date received.

*Donated Services* – The Organization generally does not recognize donated services unless the services:

- a) create or enhance a non-financial asset (such as a building), or
- b) are specialized skills provided by entities or persons possessing those skills and would be purchased if they were not donated.

**Meals Program Revenue**

The Organization has entered into contracts with various third parties under which the Organization will provide meals under specific conditions for a fee. Revenue is recognized in accordance with the contracts, which are generally based on the number of meals provided. Such arrangements are typically one year or less in duration.

**Donated Services and Goods**

Members of the Board of Directors have provided substantial assistance to the by donation of time and services. The value of this contribution was is not reflected in the financial statements since it is not susceptible to objective measurement of valuation.

In addition, a substantial number of non-professional volunteers have donated significant amounts of their time to the Organization's program services; however, the fair value of these services has not been reflected in the accompanying financial statements as such services do not meet the criteria for recognition.

**THE NASHVILLE FOOD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Functional Allocation of Expenses**

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. While most costs have been directly assigned to a functional category, certain salaries and wages have been allocated to program, management and general, and fundraising based primarily on time and effort estimates made by management. The Organization considers all program activities relating to its purpose as a single program.

**Compensated Absences**

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

**2. AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

	<u>2022</u>	<u>2021</u>
Financial assets, at year-end:		
Cash and Cash Equivalents	\$ 1,706,793	\$ 1,246,051
Accounts Receivable	85,553	53,820
Contributions Receivable	50,000	60,000
Less: amounts not available to be used within one year due to board designation	(363,109)	(186,470)
Less: amounts not available to be used within one year due to purpose restrictions	<u>(50,000)</u>	<u>(60,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,429,237</u>	<u>\$ 1,113,401</u>

**THE NASHVILLE FOOD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022 AND 2021**

**2. AVAILABILITY OF FINANCIAL ASSETS (Continued)**

There is an adequate amount of financial assets available as of December 31, 2022 and 2021. The Organization effectively manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date.

**3. CONTRIBUTIONS RECEIVABLE**

At December 31, 2022 and 2021, contributions receivable totaled \$50,000 and \$60,000, respectively. Management considers all contributions receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been provided. In addition, discounts of long-term contributions receivable are not significant to the financial statements and have not been recorded. Contributions receivable are scheduled to be received as follows at December 31:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 50,000	\$ 60,000
Receivable in one to five years	-	-
	<u>\$ 50,000</u>	<u>\$ 60,000</u>

**4. INVESTMENTS**

On November 18, 2022, the Organization purchased U.S. Treasury Bills with a par value of \$150,000 for a cost of \$143,092. The Treasury Bills were issued on December 1, 2022, and have a maturity date of 52 weeks. This investment is carried at fair value in accordance with ASC 958-320, *Not-for-profit entities—investments—debt securities*.

The Organization recognizes any changes in the fair value of the Treasury Bills in the statement of activities as an unrealized gain (loss). There were no changes in fair value as of December 31, 2022. Upon maturity, the Organization will receive the par value of \$150,000, representing the initial investment amount.



**THE NASHVILLE FOOD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022 AND 2021**

**5. FAIR VALUE MEASUREMENTS**

The Organization's investments are reported at fair value in the accompanying statement of financial position.

Fair Value Measurements at December 31, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury Bills	\$ 143,092	\$ -	\$ 143,092	\$ -
	<u>\$ 143,092</u>	<u>\$ -</u>	<u>\$ 143,092</u>	<u>\$ -</u>

Fair Value Measurements at December 31, 2021:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury Bills	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than the quoted process for identical assets, and Level 3 inputs have the lowest priority. The Organization uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 2 Fair Value Measurements - The fair value of the investments are based on inputs other than the quoted prices within Level 1 and are observable for the asset, either directly or indirectly.

Level 3 Fair Value Measurements - The fair value of the mutual fund and the guaranteed interest accounts are based on at least one significant unobservable input.

**THE NASHVILLE FOOD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022 AND 2021**

**6. PPP LOAN PAYABLE**

In response to the pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and it was signed into law on March 27, 2020. The CARES Act implemented the Payroll Protection Program (PPP), which provides loans to small businesses and charitable organizations to keep their employees on payroll. The Organization obtained a PPP loan for \$203,192 on April 20, 2020.

The balance on the PPP Loan Payable was \$203,192 as of December 31, 2020 and has been forgiven in full as of January 12, 2021.

**7. EMPLOYEE RETENTION TAX CREDIT**

In response to the pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and it was signed into law on March 27, 2020. The CARES Act implemented the Employee Retention Tax Credit (ERTC), which was designed to encourage businesses and organizations to keep their employees on payroll. The Organization submitted an ERTC application on December 7, 2021 pertaining to the 2nd quarter payroll of 2021. During 2022, the Organization received \$345,771 related to the ERTC.

**8. LINE OF CREDIT**

The Organization opened a \$300,000 line of credit on June 23, 2020 with First Horizon Bank. The line bears interest at the prime interest rate as published by the Wall Street Journal plus 1%, and is secured by the business assets of the Organization. As of December 31, 2022 and 2021, there were no outstanding draws on the line of credit.

**9. NOTE PAYABLE**

During April 2018, the Organization entered into a construction loan with a maximum available amount of \$2,100,000. The proceeds of the loan were used, in conjunction with the capital campaign contributions, to construct the Organization's current facility for use as headquarters for its food services and offices. In May 2019, the construction loan converted to a promissory note, which bears a fixed interest rate of 4.99%, with principal and interest payments due monthly. The note, secured by a deed of trust on the Organization's land and building, would have matured April 25, 2024. However, the note was paid and closed during the year ended December 31, 2021.

**THE NASHVILLE FOOD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022 AND 2021**

**10. NET ASSETS WITHOUT DONOR RESTRICTIONS-BOARD DESIGNATED**

The Organization's net assets without donor restrictions include amounts that have been designated by the Board of Directors for specific purposes. These designations are made to guide the Organization's future spending and ensure the fulfillment of its strategic objectives. The following provides a breakdown of the board-designated net assets at December 31:

	<u>2022</u>	<u>2021</u>
Tallu Schuyler Quinn Memorial Fund	\$ 176,001	\$ -
Capital Reserve Fund	187,108	186,470
	<u>\$ 363,109</u>	<u>\$ 186,470</u>

**11. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Unconditional promises to give due in future periods	\$ 50,000	\$ 50,000
Capital campaign, including unconditional promises to give due in future periods	-	10,000
	<u>\$ 50,000</u>	<u>\$ 60,000</u>

Prior year amounts related to the capital campaign have been reclassified to conform to the current year presentation.

**12. STATE OF TENNESSEE GRANT**

In December 2017, the Organization entered into a grant contract with the state of Tennessee Department of Environment and Conservation (the "State") to expand collaboration efforts resulting in the reduction of food waste in the Middle Tennessee region. Such reduction is to be accomplished through the purchase of equipment to allow the Organization to expand ongoing food recovery, distribution, and composting, as well as implement several recycling and whole food initiatives. Under the terms of the grant, which extends for five years, the Organization will receive a maximum of \$176,655 from the State with an equal match required by the Organization for a total project cost of \$353,310.

In connection with the agreement described above, the Organization entered into a memorandum of understanding with the One Generation Away ("One Gen") in April 2018 to, among other things, collaborate in fulfilling the Organization's initiatives as described in the State contract.

**THE NASHVILLE FOOD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022 AND 2021**

**12. STATE OF TENNESSEE GRANT (Continued)**

During 2018, the Organization purchased and capitalized equipment costs totaling \$313,464, under the terms of the grant. Of this amount spent, \$134,161 was reimbursable by the State and was recognized as grant revenue.

**13. CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Company up to statutory limits. Management believes the Organization is not exposed to any significant credit risk on its cash balances. Uninsured balances at December 31, 2022 and 2021 totaled approximately \$1,648,082 and \$980,627, respectively.

**14. LEASES**

The Organization has entered into short-term leases for various gardening plots with payments totaling \$200 per month. Rent and utilities expenses for these locations for the year ended December 31, 2022 and 2021 approximated \$13,800 and \$9,020, respectively. The Organization has elected not to apply the provisions of Accounting Standards Codification (ASC) 842, Leases, as the lease obligations do not meet the recognition criteria outlined in ASC 842 due to not reaching the Organization's lease capitalization threshold.

**15. GIFTS-IN-KIND**

As described in Note 1, the Organization receives various noncash gifts, primarily food, and recognizes them as public support as the gifts are utilized. Generally, these gifts-in-kind are utilized in the same year they are received. Gifts-in-kind received, distributed, and capitalized are summarized as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Gifts-in-kind received:		
Supplies	\$ 602,304	\$ 527,286
Facilities	52,000	47,667
Professional Services	2,916	3,395
	<u>\$ 657,220</u>	<u>\$ 578,348</u>

As described in Note 1, the Organization has recognized contributions of gifts-in-kind for donated professional services and recorded the services at their estimated fair value. These services primarily include accounting fees.

**THE NASHVILLE FOOD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022 AND 2021**

**16. INCOME TAXES**

The Organization has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

The Organization files a U.S. Federal Form 990-Return of Organization Exempt from Income Tax. The Organization's returns for the years prior to calendar year 2019 are no longer open for examination.

**17. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 19, 2023, which is the date the financial statements were available to be issued.